



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
AGING AND DISABILITY SERVICES ADMINISTRATION
PO Box 45600 * Olympia, WA 98504-5600

March 31, 2011

**RE: ADSA: NH RATES # 2011-001
April 1, 2011 ADJUSTED MEDICAID
PAYMENT RATES FOR NURSING HOMES**

Dear Nursing Home Administrator:

The Rate Computation Worksheet for your facility's April 1, 2011 adjusted Medicaid payment rate is enclosed.

As explained in the "Notice of Adjustment of Medicaid Nursing Facility Rates Pursuant to RCW 74.46.421" dated February 23, 2011 your facility's April 1, 2011 rates are being adjusted in light of the so-called "budget dial" statute, RCW 74.46.421.

In February of this year the Legislature adopted a revised supplemental operating budget for state fiscal year (SFY) 2011, which ends on June 30, 2011. (See Engrossed Substitute House Bill 1086; c. 5, Laws of 2011). In Section 205 (1) of the revised budget, the Legislature provided that the weighted average nursing facility payment rate for SFY 2011 shall not exceed \$161.86. Previously, the average nursing facility payment rate for SFY had been set at \$166.24.

Because the actual rates now exceed the revised budget dial rate, the Department is required by RCW 74.46.421 to reduce rates to all facilities. The statute provides in relevant part as follows:

(4) (a) The statewide average payment rate for any state fiscal year under the nursing facility payment system, weighted by patient days, shall not exceed the annual statewide weighted average nursing facility payment rate identified for that fiscal year in the biennial appropriations act.

(b) If the department determines that the weighted average nursing facility payment rate calculated in accordance with this chapter is likely to exceed the weighted average nursing facility payment rate identified in the biennial appropriations act, then the department shall adjust all nursing facility payment rates proportional to the amount by which the weighted average rate allocations would otherwise exceed the budgeted rate amount. Any such adjustments for the current fiscal year shall only be made



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prospectively, not retrospectively, and shall be applied proportionately to each component rate allocation for each facility.

Effective April 1, 2011, Medicaid rates originally calculated as of July 1, 2010 will be reduced by a percentage reduction factor (PRF) of **12.2389%**. (Note that this figure is cumulative; it includes the PRF of 1.862146% previously applied to produce the December 1, 2010 rates.) When applied to all nursing facilities' rates, this will result in a statewide weighted average payment rate for SFY 2011 that is equal to or less than \$161.86.

In accordance with WAC 388-96-901 (1)(b), budget dial actions are not subject to administrative review under WAC 388-96-904:

WAC 388-96-901 (1)(b) Adverse actions taken under the authority of this chapter or chapter 74.46 RCW not subject to administrative review under WAC 388-96-904 include but are not limited to:

- (i) Actions taken under the authority of RCW 74.46.421 and sections of this chapter implementing RCW 74.46.421;...

Nursing facility rates are next scheduled to be adjusted as of July 1, 2011. Those rates will reflect any changes adopted by the Legislature later this session.

Please call your Medicaid rate analyst or Edward Southon, Nursing Home Rates Section Manager, at (360) 725-2469 if you have any questions about this letter.

Sincerely,



Ken Callaghan, Chief
Office of Rates Management

Enclosure